

**REMARKS**

Claims 1-16 are currently pending in the application. Applicant has canceled claim 3 and amended claims 1, 4, 13 and 16. Applicant requests reconsideration of the application in light of the following remarks.

**Rejections under 35 U.S.C. §103**

To establish a *prima facie* case of obviousness under 35 U.S.C. §103, three basic criteria must be met. First, there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or to combine reference teachings. Second, there must be a reasonable expectation of success. Third, the cited prior art reference must teach or suggest all of the claim limitations. Furthermore, the suggestion to make the claimed combination and the reasonable expectation of success must both be found in the prior art, and not based upon the Applicants' disclosure. A failure to meet any one of these criteria is a failure to establish a *prima facie* case of obviousness. MPEP §2143.

**Claims 1-4 and 13-16**

Claims 1-4 and 13-16 were rejected under 35 U.S.C. § 103(a) as being unpatentable over Pennsylvania Instant Million Lottery Game (hereinafter "Instant Lottery Game") viewed collectively with the Pennsylvania Tax-Free Million Lottery Game (hereinafter "Tax-Free Lottery Game") in view of OnBusiness:Inflation. Applicant respectfully traverses this rejection and requests reconsideration of the claims.

Independent claims 1, 13 and 16 each respectively recite "a lottery game" and later refer to "the lottery game" in which tickets are sold and prizes are awarded. In each of these respective claims, the tickets for the lottery game include both "insured" and "non-insured" tickets within the same lottery game. Accordingly, within each respective claim, the ticket purchasers, whether they purchase an insured ticket or a non-insured ticket, have the same

odds of winning and are gambling for a chance at the same prizes. The only difference between the “insured” and “non-insured” tickets comes in the way in which the payments are made for the prize won. As is well known in the lottery art, often payments for large amounts (i.e. \$1,000,000) occur in-full over time (traditionally 20-25 years), or occur immediately for about half of the advertised prize amount. *See* A Brief Explanation for Lottery Winners, Peachtree Settlement Funding, cited in the most recent Office Action. By Applicant’s claimed invention, purchasers of “insured” tickets would immediately collect the full amount while players of the same lottery game who purchased non-insured tickets would only collect the full amount over time or half of the advertised amount immediately.

Two lottery games from the Pennsylvania Lottery System were cited against claims 1-4 and 13-16 in the most recent Office Action. For the first lottery game, the “Instant Lottery Game”, the rules of which are provided as 29 Pa.B. 2536, 2,880,000 tickets were printed and sold at \$5 each for a \$1,000,000 top jackpot. Among those tickets, three (3) were winning \$1,000,000 top jackpot tickets with an odds of winning of 1:960,000. *See* Instant Lottery Game. For the second lottery game, the “Tax-Free Lottery Game”, the rules of which are provided as 29 Pa.B., 1051, 3,000,000 tickets were printed and sold at \$5 each for a \$1,388,889 (or “\$1,000,000 tax-free) top jackpot. Among those tickets, three (3) were winning \$1,388,889 top jackpot tickets with an odds of winning of 1:1,000,000. *See* Tax-Free Lottery Game. For each of these two separate lottery games run by the same state lottery system, there was a starting time, an ending time, and a particular odds of winning tied to the particular game. If a winning ticket is not purchased or the winning ticket prize is not claimed, the prize money returns to the State Lottery Fund.

The most recent Office Action provides a creative but extremely strained explanation of how these two separate Pennsylvania lottery games, because the purchase price for each ticket was \$5 but the games ran during different times and the inflation rates during those times were different caused the \$5 cost for the ticket to be different, somehow make Applicant’s claims obvious. In fact, because the prize money value awarded at a different

time is also affected by the same inflation, if the purchase price changes, the prize money would change in relative proportion making any attempt at accurate (though still stretched) analysis even more complicated than addressed in the Office Action.

However, this strained explanation, which considers purchase times for different lottery games, average inflation rates and the time value of money, only further illustrates the novelty and non-obviousness of Applicant's claims. As explained above, each of independent claims 1, 13 and 16 relates to a lottery game in which both insured and non-insured tickets are purchased; not a common lottery system in which one game with one common set of rules and a second game with a second common set of rules games but a higher payout is available. There is nothing in the separate lottery games of Pennsylvania which teaches or suggests insured tickets distinct from non-insured tickets. In fact, any attempt to combine the "Tax-Free Lottery Game" concept with the "Instant Lottery Game", and there is no suggestion in the references to do so, would result in an apparent impossibility in light of the two references. Each of the references discloses different prize amounts, different odds of winning, and different rules. There is no indication of how these two lotteries could be combined into a single lottery game, and there is certainly no teaching or suggestion of the use of insured and non-insured tickets in the same lottery game as Applicant claims in independent claims 1, 13 and 16.

Additionally, independent claim 1 recites paying to each holder of a non-insured winning lottery ticket an amount less than the jackpot, and paying to each holder of an insured winning lottery ticket an amount equal to or greater than the jackpot. Even under the strained combination made in the Office Action, the amount for non-insured winning lottery tickets is not less than the jackpot. The amount paid is the jackpot amount in both lottery games. Also, with regard to claim 1, the Pennsylvania lottery references both relate to scratch-and-win lotteries, not to a lottery game "in which ticket purchasers select at least one number combination for each lottery ticket purchased." Accordingly, independent claim 1 is allowable over the references cited.

Dependent claims 2, 4, 14 and 15 are allowable over the cited references, among other reasons, for depending from allowable independent claims 1 and 13.

Additionally, claim 16 recites “selling lottery tickets for a lottery game in which ticket purchasers select at least one number combination for each lottery ticket purchased . . . .” The lottery discussed in the cited Pennsylvania Lottery references relate to scratch-and-win lotteries in which there are a set number of winning tickets. Lotteries where the purchasers select the number combination may result in two or more people with the same winning number, in which case the prize is split between the winners. Where insurance is provided, payout to the winners may result in one winner being paid in full immediately and another winner being paid over time. There is no teaching or suggestion in any reference cited as to how this could be done, or any motivation to cause this to be done. Conventional lotteries pay all tickets in a lottery game the same; generally with winners of large prizes paid in-full over time or a lesser amount (usually half) immediately. There are no lotteries of which Applicant is aware, and none have been identified by the Examiner, in which different winners of large prizes could be paid under different sets of payout rules depending upon whether an insured or non-insured ticket was purchased.

Applicant respectfully requests that the obviousness rejections of claims 1-4 and 13-16 be withdrawn.

**Claims 11-12**

Claims 1-4 and 13-16 were rejected under 35 U.S.C. § 103(a) as being unpatentable over Pennsylvania Instant Million Lottery Game (hereinafter “Instant Lottery Game”) viewed collectively with the Pennsylvania Tax-Free Million Lottery Game (hereinafter “Tax-Free Lottery Game”) in view of OnBusiness:Inflation, further in view of Pennsylvania Lottery Information: Claiming a Prize. Applicant respectfully traverses this rejection and requests reconsideration of the claims.

Independent claim 11 recites “immediately paying in full” a “large payout amount to a winner” of the large payout amount if the winner “purchased insurance for said lottery” in a lottery for which the “large payout amount is an amount ordinarily available in full only by way of payments paid during a payment period lasting longer than one year.” There is nothing in the Pennsylvania Lottery references cited in the most recent Office Action, and Applicant was unable to find any reference on the Pennsylvania Lottery web site, indicating that the \$1,000,000 jackpot of the Instant Lottery Game or the \$1,388,889 would be paid out differently to those who purchased any form of lottery insurance from those who did not purchase the lottery insurance. It appears from the references cited that all of the payout amounts for any level of winnings are paid out immediately.

In summary, and in view of the amendments herein, none of the references cited by the Examiner nor any other known prior art, either alone or in combination, disclose the unique combination of features disclosed in Applicant’s claims presently on file. For this reason, allowance of all of Applicant’s claims is respectfully solicited.

**Indication of Allowable Subject Matter**

The Examiner objected to claims 5-10 as being dependent upon a rejected base claim but indicated these claims would be allowable if rewritten in independent form. Applicant wishes to thank the Examiner for this indication of allowable subject matter. Applicant believes the amendments to the claims and arguments expressed above overcome the rejections to the base claim, but will reserve the right to amend the claims as proposed in a future Office Action response if necessary.

**Regarding Doctrine of Equivalents**

Applicants hereby declare that any amendments herein that are not specifically made for the purpose of patentability are made for other purposes, such as clarification, and that no such changes shall be construed as limiting the scope of the claims or the application of the Doctrine of Equivalents.

**Response to Additional Prior Art of Record But Not Relied Upon**

**US Patent No. 5,909,875:** Contrary to the statement in the most recent Office Action, where a jackpot is determined and the winner is selected, they do not receive an amount “less than the jackpot”. As explained in the Abstract, “the player wins the traditional keno payout for achieving a regular winning combination of matching numbers selected by the player.” Furthermore, the additional amount paid by the player (what the Examiner calls “insurance”) is to make the player *eligible* for additional competitions and payout pools *if* the player has “certain winning keno combinations”, not to insure that the player receives the full jackpot amount immediately where ordinarily the player would have needed to wait for the full amount in payments over time. *See* US Patent 5,909,875, col. 6, lines 38-54. The additional amounts paid in the competitions and payout pools are unrelated to the amount of the payout in the primary game.


**US Patent No. 6,485,368:** Similar to US Patent 5,909,875, additional “side bets” (which the Examiner calls “insurance bets”) are not to insure the player gets a full payout, but rather are to make the player *eligible* for additional competitions and payout pools. *If* the player has a “particular, predetermined arrangement of cards, the player will win all, or part of, the amount showing on the progressive jackpot.” *See* US Patent 6,485,368, Abstract. The additional amounts paid in the competitions and payout pools are similarly unrelated to the amount of the payout in the primary game.

**CONCLUSION**

If any fees, including extension of time fees or additional claims fees, are due as a result of this response, please charge Deposit Account No. 19-0513. This authorization is intended to act as a constructive petition for an extension of time, should an extension of time be needed as a result of this response. The examiner is invited to telephone the undersigned if this would in any way advance the prosecution of this case.

Respectfully submitted,

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**VERSION WITH MARKINGS TO SHOW CHANGES MADE**

1. (Amended) A method of conducting a lottery comprising the steps of:

(1) determining a jackpot prize for [said] a lottery game in which ticket purchasers select at least one number combination for each lottery ticket purchased;

(2) offering non-insured tickets for the lottery game to ticket purchasers at a first price, and insured tickets for the lottery game to ticket purchasers at a second price higher than the first price;

([2]3) paying a first amount [at a first payout time] to [all holders] each holder of a non-insured winning lottery ticket, said first amount less than said jackpot; and

([3]4) paying a second amount [at a second payout time] to [all holders] each holder of an insured winning lottery ticket, said second amount equal to or greater than said jackpot.

2. (Unchanged) The method of claim 1 wherein said second payout time occurs immediately after said insured winning lottery ticket is identified.

3. Canceled.



4. (Amended) The method of claim [3] 1 further including the steps of:

(1) offering a tax insured lottery ticket for sale at a third price, wherein said third price is higher than said second price; and

(2) paying a third amount at said payout time to all holders of a tax insured winning lottery ticket, said third amount substantially equal to said jackpot plus at least a portion of the taxes payable on said jackpot.

5. (Unchanged) The method of claim 4 further including the step of offering a payout insurance upgrade for sale at a first upgrade price to a purchaser of a non-insured lottery ticket, said payout insurance upgrade converting said non-insured lottery ticket to a payout insured lottery ticket, said payout insurance upgrade available for purchase until a cutoff time, said cutoff time prior to said payout time.

6. (Unchanged) The method of claim 5 wherein said first upgrade price is equal to the difference between said first price and said second price.

7. (Unchanged) The method of claim 5 further including the step of offering a tax insurance upgrade for sale at a second upgrade price to a purchaser of one of said payout insured lottery tickets, said tax insurance upgrade converting said payout insured lottery ticket to one of said tax insured lottery tickets, said tax insurance upgrade available for purchase until said cutoff time.

8. (Unchanged) The method of claim 7 wherein said second upgrade price is equal to the difference between said second price and said third price.

9. (Unchanged) The method of claim 7 wherein said tax insurance upgrade is also offered for sale at a third upgrade price to a purchaser of one of said non-insured lottery tickets.

10. (Unchanged) The method of claim 9 wherein said third upgrade price is equal to the difference between said first price and said third price.

11. (Unchanged) A method of conducting a lottery comprising the steps of:

(1) determining a cutoff point for said lottery, said cutoff point comprising a prize value amount separating a large payout amount from a small payout amount, wherein said large payout amount is an amount ordinarily available in full only by way of payments paid during a payment period lasting longer than one year, and wherein said small payout amount is an amount ordinarily available in full in a single lump sum payment;

(2) immediately paying in full said small payout amount to a winner of said small payout amount;

(3) immediately paying in full at least said large payout amount to a winner of said large payout amount provided said winner of said large payout amount purchased insurance for said lottery.

12. (Unchanged) The method of claim 11 wherein said insurance may be one or both of payout insurance and tax insurance.

13. (Amended) A method of conducting a lottery comprising the steps of:

(1) distributing lottery tickets to lottery participants for a lottery game, said tickets including insured tickets and non-insured tickets;

(2) determining whether a particular ticket is a paying ticket for the lottery game;

(3) immediately paying at least a full award amount if the paying ticket is insured, regardless of the award amount; and

(4) immediately paying less than a full portion of the award if the paying ticket is non-insured and the award amount is greater than a predetermined amount.

14. (Unchanged) The method of claim 13 wherein full award amount is paid regardless of the number of participants in said lottery.

15. (Unchanged) The method of claim 13 wherein the at least a full award amount further includes an amount equal to at least a portion of the taxes payable on said full award amount.

16. (Amended) A method of conducting a lottery comprising the [step] steps of:

(1) selling insured and non-insured lottery tickets for a lottery game in which ticket purchasers select at least one number combination for each lottery ticket purchased and for which a prize cutoff point is established, said cutoff point comprising a prize value amount separating a large payout amount from a small payout amount, wherein said large payout amount is an amount ordinarily available in full only by way of payments paid during a payment period lasting longer than one year, and wherein said small payout amount is an amount ordinarily available in full in a single lump sum payment; and

(2) immediately paying in full to [the] a holder of an insured paying lottery ticket any prize said insured paying lottery ticket is entitled to, without regard for the amount of said prize.